

COMMITTEE ON LANDS AND BUILDINGS

January 20, 2004

**Upon Conclusion of Cmte. on Bills on 2nd Reading
Aldermanic Chambers
City Hall (3rd Floor)**

Chairman Thibault called the meeting to order.

The Clerk called the roll.

Present: Aldermen Thibault, Roy, Gatsas, Osborne, Porter

Messrs: Bob MacKenzie, Jane Hills, Gordon Leedy, Ken Edwards,
Tom Arnold, Tom Nichols, Steve Hamilton

Chairman Thibault advised that the first purpose of the meeting is organizational in nature, and requested that the Clerk provide a brief overview regarding typical issues addressed by the Committee.

Deputy City Clerk Johnson stated we negated to bring up the committee description, but basically the committee follows up by ordinance on anything that has been referred into it by the Board of Mayor and Aldermen and also oversees City property and any purchase requests by Ordinance referred to the committee, and recommendations are then brought to the Board of Mayor and Aldermen. You review the reports that have been submitted generally by the Tax Collector, the Planning Director, and the Board of Assessors.

Chairman Thibault addressed Item 4 of the agenda:

Presentation regarding the Hackett Hill Master Plan.

Planning Director Robert MacKenzie stated I know a presentation was provided to the full Board and I was not at that meeting as I had something else to attend to last month although we do have two new members here. Just to summarize though, the Hackett Hill has had a long history. The City acquired 820 acres for UNH. There were several reasons that the City wanted to acquire that property. One was to get UNH the full campus down into the Millyard; another was to set aside some lands for a conservation area, which has happened to roughly 90

percent of the area that we were going to put into conservation we have. And the third was to open up an area for economic development. That are for economic development would be roughly...out of the 820 acres a 150 is reasonably good developable land, and most of that is along the interstate system. The reasoning behind that was that this is the last area in the City that we can add taxable land base to the City. The City needed that tax base and directed the staff to work towards a plan that would be acceptable. The second issue with economic development though is that there are businesses that we try attract downtown and into the central part of the City, but there are may businesses that are simply looking for a somewhat more remote location and right now there are no locations that if they want to build a new research building, there is no place else in the City left that they could go to. So rather than losing those businesses, if they are not going to go in the downtown anyway, rather than losing those to Raymond or Londonderry or Derry, this was an opportunity to keep jobs and business in the City that we might otherwise lose. So the original purpose was threefold. Get UNH down, which has happened, develop a large conservation area, which we have developed. That conservation area is approaching 600 acres now and we've carried through with all of our agreements with the DES and the EPA to accomplish those and actually that is the largest conservation effort that the City has ever undertaken. And the third is to free this area up for future economic development. What will have to happen is the Board will have to take several actions but the first action they would have to take is to approve the master plan, which is included in the package. Working on this has been, previous to Jane Hills; Jay Taylor worked on it for a number of years. We do have Gordon Leedy here from VHB, and Ken Edwards representing the MHRA, will be in essence the developer on the property, they hare holding the land now, and will work to develop the property. It is the goal of the cost associated with the project, we are hoping that the ultimate sales of the proceeds of the land and the additional taxes will go pay towards all of the improvements necessary. So that's the general goal for this area. I think at this point, we would be open to questions, concerns, any other issues that the committee would have.

Alderman Porter asked Bob, when you're talking about the tax revenue paying for infrastructure improvements and things of this nature, are you talking about a tax incremental financing district or an amount revenue generated that will go in the general fund where an equal amount would be spent?

Mr. MacKenzie answered it could be structured as a tiff district, although there are some additional costs for that. I suspect to some extent it could be done as the riverfront stadium is being done now, in that the improvements that would be done could be paid through the taxable revenues. Again, we expect the total project to cost about \$20 million. Is that right Gordon?

Gordon Leedy answered \$16.5 million.

Mr. MacKenzie continued the land proceeds themselves are probably on the order to \$11 million to \$12 million. We did pro forma that looks out twelve years to show where the money comes and where it goes to. There would be some years where we would have to advance some money when we have to build a major roadway connection down to Dunbarton Road. But yes. In essence on paper everything would be paid through other than City bonds, but there would be some years when certain improvements would have to be up front in terms of bonds in order to make this happen. But the overall goal is not just the taxable assessed valuation increase, but keeping those jobs in the City and the businesses in the City.

Alderman Porter asked what kind of a timeframe are you anticipating before being able to successfully sell any of these lots?

Mr. Leedy answered I think that frankly that's been some of the delay in proceeding with approval of the master plan because with economic downturn there simply hasn't been much in the way of demand. But I think that demand has picked up, the market is picking up and there are inquiries ongoing as to portions of this property. There was a proposal advanced to reoccupy and redevelop French Hall and apparently I understand that that purchaser has gone away. But there is increasing interest and that's why the staff wants to advance this plan at this time. I can't give you an exact time frame. What we tried to do in development of the phasing plans and the pro forma information is to phase the project in such a way that it was demand driven. In other words, there would be limited investment in absence of a confirmed user for the portion of the property being considered for development. This would ensure that the City wouldn't get in over its head in terms of getting too much investment in advance of revenues that can be seen.

Alderman Forest asked Bob, when you started your presentation a moment ago you mentioned three key factors in order to get this going. Unless I was sleeping here, I only heard number one, which is the master plan. I don't know if you elaborated on two and three.

Mr. MacKenzie replied you are absolutely correct. The other two is ultimately they would have to be an approval of the agreement between the City and Manchester Housing and Redevelopment Authority. They would be carrying out and administering the programs in that park, the land is being held now in a special account of the Manchester Housing and Redevelopment Authority. So the Board would have to approve as actually project number three under a cooperative agreement. And thirdly that the Board would have to approve a northwest

business park development plan that the MHRA has prepared. Those would be the three items that the Board would ultimately have to approve.

Alderman Roy stated Bob, I'm not sure if you're the best one to give us a brief update, but in reviewing all of the minutes and talking to many of the constituents concerned, a large factor has come up regarding the conservation and using the word zero development. Could you elaborate or give me a couple of minutes of what has gone into the conservation, what has been protected, what level of protection will it receive in the future, ideas of setbacks or usage that will come out of Planning if this project goes forward?

Mr. MacKenzie answered the staff has worked closely with the State Department of Environmental Services and the Federal Environmental Protection Agency and the Nature Conservancy in developing what I think is a very good conservation plan. There will be some, and I notice there's an individual looking for time to speak to the group, that would like zero development in the area. When the Board first laid down the perimeters of this project, they said that they did need some monies from the building and tax base, and they needed an area to bring people to with jobs if they weren't going to go in the downtown. So that's an issue that the Board is going to have to wrestle with. We think we reached a compromise that put a large area into conservation. The Federal EPA was happy with that, the State Environmental Services was happy with that, and the Nature Conservancy, which holds a lot of conservation, was happy with that ultimate agreement. You will still have to decide I think as to whether you're comfortable with it, but I think we struck a very good balance. All of the unique water sheds, all of the unique wetlands that we have identified, including the black gum trees, Atlantic white cedar and giant rhododendron, all of those wetlands will be protected. We also protect 95 percent of the watersheds that drain into those particular wetlands. There are a couple of areas that are already developed that were developed by the State as part of UNH that we have determined that perhaps should be developed even though they drain into the watersheds. In those instances we've reached agreements with the State that we would have special protection in those small areas that we could either divert drainage outside of the wet unique natural areas or somehow mitigate it on side. But again, 95 percent of the land surrounding these unique areas will be protected and we've worked very hard to acquire other pieces of property in the area that were not required by the EPA. We acquired the so-called Papp property, which is 142 acres, after long negotiations with the two hospitals that own that property. And we acquired portions of the Frechette, which were very large. So we have gone to extremes to try and meet these letter intent and spirit of that original agreement with the State and Federal Government.

Alderman Gatsas stated on Page 43 of the report. Can you give me a more explicit number of the total cost to market this property?

Mr. Leedy answered what we've included in terms of marketing costs is eight percent of the sales revenue numbers, which is consistent with industry norms. What you see outlined in the report as a marketing strategy were some ideas that Cushman & Wakefield put together in terms of things that might be done to kind of kick start things. But the overall number for marketing the property would be as indicated in the pro forma, would be something like \$875,000. That goes along with brokers fees and other soft costs in marking like brochure materials and so forth. In addition to that, there is an administrative cost that's included in the numbers for MHRA to manage the development of the project, and that's about \$1.1 over the life of the project. Assuming an eleven-year building out.

Alderman Gatsas asked what is that percentage, of the \$1.2 million, what is that percentage?

Mr. Leedy answered its \$100,000 a year is what the number is. I don't know what the percentage is. Of the land cost, probably close to ten percent.

Alderman Gatsas asked so the number that you're providing us with is \$875,000 and \$1.2 million is about \$2 million for the entire project?

Mr. Leedy answered for management and marketing, yes.

Alderman Gatsas stated let's assume that the market conditions turn and aren't as good as what we assume they are going to be today, what is the cost out of pocket expenses that could cost the City money, if nothing gets sold and for what time period?

Mr. Leedy answered if I had a crystal ball that would tell me that how long those conditions would last I would be a rich man and I'm not, I'm a consultant.

Alderman Gatsas stated let's make it easy for you. Let's say you don't sell anything for a year, what would the cost to the City be?

Mr. Leedy answered the initial year of development doesn't carry any land sales revenue. Under the assumption that you would be getting up to speed and going on the project doing the limited infrastructure work that needs to happen as a part of the first phase, making the first few parcels available for development. So that's already accounted for. Presumably you wouldn't initiate the project unless you had some buyers in mind for these phases. That's the point. Now in terms of marking, I would assume that there could be some additional costs for delays, but I can't predict what those might be. It could be...but it isn't going to be on the order of they double. The downturns that we've had over the last 20 years in the real estate market in New Hampshire have been on the order of three years or so.

So I would think that over a twelve-year period you'd be looking at worse casing, that twelve-year stretches out to maybe 15. But again, the City doesn't need to initiate additional development costs unless there is a market for the land that is being developed.

Alderman Gatsas stated let me see if I can make the question clearer. The question I have is, if we agree to this contract today, and if there are no sales generated, zero, in the next 12 months, what will the cost be that the City incurs? Maximum costs.

Mr. Leedy answered the first phase of development under our scenario is \$785,000. So that includes a minor acquisition of some additional property along Hackett Hill Road...

Alderman Gatsas asked which is how much?

Mr. Leedy answered that is \$300,000.

Alderman Gatsas stated so we're at \$485,000.

Mr. Leedy replied right. There is \$210,000 in construction; there is \$100,000 in administrative costs.

Alderman Gatsas asked what is the other \$175,000 for?

Mr. Leedy answered that is so called ancillary costs. There is a listing of...it would be soft costs like engineering design, there would be some start up marketing costs in that, and I believe that also includes a piece of Manchester Development Corporation.

Alderman Forest asked Mr. Leedy, on those administrative costs, that \$1.2 million you mentioned. I recall on two separate occasions since I've been an Alderman, we as a Board voted \$80,000. So \$160,000 that we voted on to maintain that building. Does that come under that \$1.2 million or is that...?

Mr. Leedy answered no sir.

Alderman Forest asked that's an extra cost to us?

Mr. Leedy answered that's right.

Alderman Roy stated to capitalize on Alderman Gatsas' questions, should this go to a 15 or 20-year project, the \$100,000 administrative costs, part of that marketing and management fee, that's \$100,000 per year until we're done or is that a 12 year cap?

Ken Edwards, Manchester Housing and Redevelopment Authority, stated the way that we have done these projects for the City in the past is on an actual administrative costs basis. The \$100,000 per year is an estimate of what time we will spend, what staff will actually spend working on this project and usually the costs run less than what we have estimated. This would represent the actual cost of those person's salaries who are working directly on the project.

Alderman Lopez stated as I mentioned at the full Board, originally the \$25 million and I heard you say \$16 [million] according to the sheet here, and then a total cost of site is \$20 million. Could you clarify that for me please? In your spreadsheet you have \$16,533,000 and then in the site construction costs with everything in there is \$20 million.

Mr. Leedy stated there are two different numbers that Alderman Lopez is referring to. One is the total development cost as indicated in the development pro forma that's in the master plan that's before the Board, of \$16,334,390. That was revised in a minor way from what was included in the previous material submitted to the full Board in that we reconciled it with a full cost estimate that follows that in your report. We have two numbers. We have the \$16,334,390 and a bottom line of \$13,464,452 in the cost estimate. What that \$13, 464,452 does not include is the municipal operating cost, which is a line item in the pro forma and the interest cost, which is a line item in the pro forma. So if you add the \$2,390,440 in municipal operating cost and the \$283,698 in interest cost to the \$13,464,452 you should get the \$16,334,390. There is a \$200,000 credit from a fire station land allowance that was backed out of that \$13,464,452. That all should add up now and there were some minor discrepancies in the materials that were submitted to the Board previously.

Alderman Lopez stated that's the point I wanted out. The three different documents. Let's use your spreadsheet. Am I looking at a negative in year six, versus all of the other years?

Mr. Leedy answered that's correct and that's because there would be a...a development can proceed to a certain point and that point is roughly 500,000 to 600,000 square feet of developed area. Before the traffic numbers say that you need to establish the second access to the property, which would be via Dunbarton Road and a new interchange, what that negative number includes is two things. One is the significant investment that would be needed to punch that road out to

Dunbarton Road and the associated infrastructure, as well as a \$1 million allowance for the City's contribution new construction of an interchange.

Alderman Lopez stated in reference to \$785,000 that you indicate a negative the first year, in the agreement you have \$870,000 that you're going to need in the agreement, can you give me the reason for that?

Mr. Leedy answered the difference between the \$870,000 and the \$785,000 was the fact that we realized that there had been some improvements made to Front Street that would mean that the further minor improvements to that intersection wouldn't be required until year two when there are actually people present. So it was the timing of that expenditure.

Alderman Lopez stated so that would have to be amended in the agreement. Could you tell me these financial spreadsheets, has been run by our Finance Officer, Mr. Mackenzie?

Mr. MacKenzie answered early on in the project Finance has reviewed spreadsheets. I do not believe they've seen this latest spreadsheet, no.

Alderman Lopez asked could you enlighten us a little bit about the road and people going up there, how fast. I know you've got a Road B for \$2 million that in selling off acreage up there, the roads are going to have to be fixed right away. Could you maybe just enlighten me a little bit about the roads, the fire station and recreational area?

Mr. MacKenzie answered there are other spaces within this area, setting aside the roughly 600 acres for conservation, there are areas in the master plan that are set aside, not for economic development, but for future use. Those sites, and I don't have the plan in front of me, but those sites could be used for parkland in the future. They have not been specifically set out for economic development at the present time. I'm not sure if you have your color versions of this particular plan, but there are large spaces that are dark green that are indicated reserve for future development. Again, we felt it best to leave some land undeveloped for now for future uses, that could be a school if the City needed a school in the area, it could be a park land if the City needed a park, or just conservation land.

Alderman Lopez asked and the fire station please?

Mr. MacKenzie replied a fire station is identified, actually there are two potential sites and we will be meeting. Now that there's been some shifts to the road alignment, we could keep a fire station in the current location on Hackett Hill Road and there might be some advantages to that but we'll want to get further into

discussions with the Fire Department as to the best long term location in that area. But we have two potential sites that could be built.

Alderman Lopez asked will this project pay for that fire station?

Mr. MacKenzie answered it will pay for the land but not for the building.

Alderman Lopez asked is that against Federal regulations?

Mr. MacKenzie answered no.

Alderman Lopez asked what is it against? The development can't pay for the fire station.

Mr. MacKenzie answered the Board could add that as a development cost if they so wished. We did not put it in because we haven't decided exactly when the Hackett Hill is going to be built and at what price. My guess is that a new fire station is going to cost on the order of \$1.5 to \$1.9 million, but we have not factored that in because that would normally come out of the City's other capital costs.

Alderman Gatsas asked if the City was going to propose to build a road for Stage 1 into Stage 2, because I'm trying to look and see, when you look at the running costs, why wouldn't we market this in some other way? Why wouldn't we hire somebody basically on a risk/reward basis that you do the project you get paid a commission for moving it forward instead of just looking almost \$3 million in cost?

Mr. MacKenzie answered the Board could look at hiring a private developer to develop this area. They have not and have made that decision previously. They decided previously to go with the MHRA as they did with the Manchester Airpark and how that was developed. The Board has already chosen that route.

Alderman Gatsas stated I look at this and if it were my property and I was doing this as a private developer, I don't think I'd do this. If I hired you as my consultant, would you tell me that this was best avenue for the biggest bang for my buck?

Mr. MacKenzie answered I think I probably would, because we're not looking for just any development in this area. If a private developer came in they might put in some small businesses here, carve it off into smaller pieces, but long term we have larger goals I believe. And those are to get higher quality with higher assessed valuation and companies that fit well with the mix in Manchester, businesses that

maybe are corporate headquarters that won't fit downtown but we need some place. So the Board in the past has said we want to meet these other goals and just selling it off to somebody who might be putting auto body shops or other businesses in the area, is not in the best interest of the City. I did want to mention if I could Mr. Chairman, that we had asked the MHRA to look at the results of last airpark that they worked on, which was the Manchester Airpark. That was a total of 78 acres, previously undeveloped in South Manchester. The area now has 900 employees, 523,000 square feet of building area, the total assessed valuation is \$29 million, and those businesses annually pay about \$750,000 in property taxes to the City. And I bring that up because to some extent we would use the same process that we used in that particular development program. It has worked well. It took a while to do. It was probably a ten-year development cycle on that, but we have brought some good businesses in and we do have a fairly large tax base in that area.

Alderman Gatsas asked how many lots was that on that 78-acre parcel?

Mr. MacKenzie answered 23 lots.

Alderman Gatsas stated so basically what we did there was subdivide it, put a for sale sign on it, had people call us, we weren't selectively...because I know three of the people that built buildings out there. Most of it is warehouse/industrial type building.

Mr. MacKenzie responded the City in that case actually up fronted \$5 million to build a new roadway, Abbey Road and a smaller road. The MHRA administered the construction of that program and then sold the lots off over a number of years. They actually had stipulations on many of lots that said you had to reach a certain square footage size and assessed value within a certain time. And I believe Ken Edwards was directly involved in that project and could probably answer more specific questions on that.

Alderman Gatsas asked what was the fee that we paid MHRA for that project?

Mr. Edwards answered I don't have a breakout of all of the line item costs for that project with me. Obviously we could get them to you, but overall as Bob mention, the project cost was \$5,553,000. The net proceeds from land sales was \$3,079,826, so the net project cost to the City was \$2.473 and for that net cost the City is now benefiting from the development of \$29 million worth of assessed property at \$758,000 in taxes paid.

Alderman Gatsas stated I just heard Mr. MacKenzie tell me that it cost the City \$5 million to build the road. You're telling me that the net sale was \$2.4 [million]. You're telling me that the project cost the City \$2.6 [million]?

Mr. Edwards answered no, what I'm say is that the total project cost was \$5,553,000. That included the assimilation of all of the parcels that were bought, the design for all of the infrastructure, the roads, the utilities, and subdivision of the lots into marketable, saleable parcels, and our administrative cost, the design fees all in \$5,553,000. And then the lots were sold and the total of lot sales is \$3,079,000. So there is a net cost to the City of \$2.473 [million].

Alderman Gatsas stated I think that's what I said. I said the cost to the City was somewhere around \$2.6 million, I wasn't exact. I guess my question is why would the City do that kind of deal?

Mr. Edwards answered because the City wanted to assure that the property was used to it's highest and best use. If it was made available to private developers, you may have a lot of industrial uses where developers bought the parcel and then rented the space. There are all end users, people that came to the Authority, interested in developing their own business. When they signed a land disposition agreement, the City knew exactly what they were going get in terms of quality of development, size of building and number of employment opportunities, and I think that's the difference. We assured good sight utilization, so if you have a three-acre parcel you're not going to sell it to somebody who wants to put up a 10,000 square foot building. You're going to insist on getting at 15,000-18,000 square foot building on three acres.

Alderman Gatsas stated I guess the problem I have is that I certainly don't think that the City should have made \$2.5 million, but I think that we should have at least broken even. Because when you start talking about the kind of deal that you're talking there, you're talking about Hackett Hill, the \$9 million that it is showing to us on the bottom line, could very well disappear, or it should disappear. I don't know why the City would not at least say we would like to recoup our money. I understand what Mr. MacKenzie, his next statement is going to be well the City received \$750,000 a year in tax revenue, but if I take that and divide that out it's about a four-year payback before we even see a nickel.

Mr. MacKenzie stated the City received back \$758,000 a year and it's a four year payback. In general I think in the time that the City invested in the Airpark, they were looking to maximize their long-term profits. And if you talk about investing \$2.6 [million] and you get back nearly \$1 million a year, that is a good investment and I'm not defending what was done with the MHRA, there are other models you could use, but I think we tried to use as solid a model on Hackett Hill as we

possibly could. That we will be investing money in that area, but to the extent possible we will be using other people's money to make that investment and when we're done, we should have a project that pays \$3 million a year in taxes, and utilizes the land and, more importantly, provides opportunities for companies who might otherwise leave the City. You have to remember in the Airpark that's about 1,000 jobs. So you're talking probably \$35 to \$40 million a year that come into Manchester's economy just due to payrolls. We're looking for an area that we can generate the payroll, the job, the businesses, and the tax revenues on Hackett Hill.

Alderman Gatsas stated I certainly won't challenge Mr. MacKenzie's \$35 million of revenue coming into the City if he's assuming that every one of those employees lives in this City. Because if they don't all live in this city, then that revenue is not all coming to Manchester.

Mr. MacKenzie responded yes, I made an assumption.

Alderman Roy stated to go on the phrase of assumptions, I just wanted a quick clarification. On the pro forma that's in our agenda, Item 8 is either 600,000 or 900,000 square feet of construction is possible before access to Dunbarton Road is required. What year will access to Dunbarton Road be required? If I'm reading this correctly.

Mr. Leedy answered that is correct. The assumption is that that will happen in year six. But also that's dependent on market conditions. The complication is that it makes no sense to punch a road out to Dunbarton Road without the plan for the interchange access to the highway in place. And as I'm sure you are painfully aware, that is a glacial process. So if we got going immediately, that is potentially feasible within a six to seven year time frame. That interchange work is in the ten-year plan for NHDOT.

Alderman Roy asked if the project is slow moving, not slowed down, but slow moving, we're looking at that \$6.7 million cost in year six as something that could be delayed until the park is up and running completely?

Mr. Leedy answered that is correct.

Alderman Roy stated the other assumption, Item 12 has four jobs per 1,000 square feet. If my math was correct as Mr. MacKenzie was doing the Airpark, I had 900 employees with 532,000 square feet?

Mr. Leedy answered it is different kinds of uses thought. This would be more of an office/research, R&D kind of use, rather than a warehousing use. So you get far fewer employees than a warehouse.

Alderman Roy stated the direction I was going had the 1.69 employees per 1,000 square feet, if my numbers were correct on the Airpark, would reduce or naturally make the environmental impact far less. So I just wanted to make sure your numbers were correct at four per thousand.

Mr. Leedy stated I think four per thousand is perhaps on the conservation side. You're not likely to find more than that. You could very well find less than that.

Alderman Lopez asked in calculation in all of the projects the City has done, was there every a calculation of how much more housing we would need in the end for the workers that would...how many jobs did you say, 500+ jobs at one place? Is there a type of formula that's in a plan when you do a development like this?

Mr. MacKenzie answered I think what you're seeing now is that Manchester has become more of a housing center rather than a commercial/industrial center. I know we had a brief conversation where historically Manchester's tax base was 50 percent industrial/commercial and 50 percent residential. Because we've lost a lot of our industrial and commercial jobs, that ratio has changed, so now over 60 percent of our tax base is residential, which means residential tax payers have to pay more in comparison. I think it is important in the long term that we look at rebuilding our industrial and job base to try and bring that to more of a balance. So the long way to answer your question is, we have more than enough housing now to support our existing job base. What we need is more jobs to support the people that are currently living in the City.

Chairman Thibault stated I believe that the Board okayed this master plan as you said for big corporate office buildings and such, which I guess the Board was concerned at the time that it would no impact on schools so much or whatever. Because it's not going to be people living there, it is going to be people working there. So it would not impact on the local schools. I am glad to hear that. Now the only other thing I'd like the committee to be aware of is that on February 17th the Merrimack Valley Sierra Club would like to make a 20-minute presentation to us before we make a decision on this property.

On motion of Alderman Roy, duly seconded by Alderman Osborne, it was voted that the Merrimack Valley Sierra Club will be scheduled to make a presentation at the February 17th meeting.

Alderman Gatsas stated I guess my question is, Bob is there any other alternative of doing this project other than what we have before us?

Mr. MacKenzie answered realistically the City in past negotiations have scaled down this project to a fairly small...again, we're looking at 150 acres out of the 820 being developed. If you'd like to consider the zero option development, which the Sierra Club has talked about, you will get no property taxes and that is a policy decision for this Board to make. Again, I think we've negotiated a compromise in terms of preserving all of the critical assets, all the critical natural resources in the area, but the Board and committee can listen to this group and decide to see if they want to go with a zero development option.

Alderman Gatsas stated I guess I didn't explain myself enough. My question is, is there another format that we can look at for the disposition of this property at Hackett Hill, some other form other than what is before us? Or has this gone out to an RFP, this is what has come back? Or how has this process gotten to where it is at now?

Mr. MacKenzie answered I don't know if I can answer that. I believe that the Board of Mayor and Aldermen has placed this property into the hands of the MHRA, so technically they have an organization that holds the land, the Board does have the option of selling it out to a single developer, would have the option of looking at other avenues to develop this property. So, yes, you do still...I think you have the ability although I haven't seen the existing actions and cooperation agreements with the MHRA

Alderman Lopez asked can I answer that Mr. Chairman? There is an agreement between the MHRA that was in effect that we can...it's a 90 days an agreement that either party can cancel. And from what I understand, Jane Hills is here and along the lines that the agreement still is in effect and any money goes into an economic account. Maybe Jane Hills wants to elaborate on that, because when Hackett Hill was sold there was an agreement that the MHRA would take it and develop it.

Alderman Gatsas stated I guess the question I'm trying to get to. This packet that we have before us obviously came through the MHRA. Is that correct?

Mr. MacKenzie answered actually no. The City through the Economic Development office with the assistance of our office worked on the master plan for the area. The separate agreements I referenced, would have the MHRA administer that plan, but you could take that same plan and say okay we want to go out for developers and see what they might offer to bring about this plan. So even if you adopt the master plan, you do still have alternatives for implementing and who you provide it to. Again, it has been a previous Board, as I understand it, that has indicated that they would like the MHRA to do this project.

Alderman Porter asked what have we spent so far and was this prepared for the City as opposed to MHRA? So the City has paid for this?

Mr. Leedy answered that is correct.

Alderman Porter asked roughly, what did the City pay?

Mr. MacKenzie answered again, I hate to quote numbers because I don't know the exact numbers, but it was something under \$100,000 for the master plan, preliminary cost estimates and preliminary engineering and review. And that money came out of the Airpark. Ken Edwards mentioned the money that was paid for parcels from the Airpark. The money to pay for that plan came out of that airpark proceeds.

Alderman Porter asked and the agreement with MHRA is that available? Could I have a copy?

Mr. MacKenzie answered I'm sure we can get that agreement for you.

Mr. Leedy stated the MHRA agreement should be in your packet but is separate from the master plan.

Alderman Roy stated Bob, just as a clarification, MHRA is the developer in the project, their fee over the next 11 years is \$1.1 million, or \$100,000 per year for the life of the project. The additional marketing of \$895,000, will that go out to an RFP or is that something that could be done in house, either City of Manchester or MHRA? What is the plan for that?

Mr. MacKenzie answered I'm going to turn that over to Gordon Leedy. We have hired somebody to market the French Hall site and we are currently showing that site.

Mr. Leedy stated I don't think that any mechanism for how that work is let has been established, but basically it is in line with what standard commissions for real estate brokers would be for marketing such a project. How the City or the MHRA chooses to, whether it goes out to RFP or whether they management a portion of the project and it's simply brokers fees as land transactions take place, I don't think it's been established.

Alderman Roy stated I do want to on a side note while we're talking about the marketing costs, commend the process so far of market French Hall. In my other world I'm a real estate broker and I saw that process from the other side and I thought it was handled very professionally with the RFP.

Alderman Forest stated I realize that I'm not on the committee, that I'm a guest here, but would it be possible as seeing that I'm the Alderman in the ward that I could get a copy of this master plan?

Mr. MacKenzie answered yes.

Deputy City Clerk Johnson stated I guess there is some confusion on this plan and what I wanted to do for the record is indicate that anything that is normally sent to the committee is always sent to all members of the Board. That is a courtesy that we always do and I guess I would ask for additional copies and we have none for the record as well. Whoever was responsible for providing them, we would ask that we get those copies at the Clerks office.

Chairman Thibault stated just one more thing that I would like to add. If memory serves me right, when this came to the Board of Mayor and Aldermen I think Bob you are right, the reason that MHRA was asked to do this developing, was that they would be sensitive to the type of action that is going to happen in that area. Such as corporate offices or whatever, and I guess that they were led to believe that is more or less what we'd like to do and how are they going to set this up. So if there is anybody that have any questions or if you want to find another developer I guess there's always a way of doing that too. But I think we've talked this out pretty well for tonight. If we could maybe table until we hear from the Sierra Club for the next meeting.

On motion of Alderman Roy, duly seconded by Alderman Porter, it was voted to table this item.

TABLED ITEMS

On motion of Alderman Porter, duly seconded by Alderman Osborne, it was voted to remove all items from the table.

Chairman Thibault addressed Item 5 of the agenda:

5. Report of Planning Department regarding acquisition of the Wiggin & Nourie building.

Deputy City Clerk Johnson stated this has been on the table since August of 2003. I don't believe there are any reports outstanding on that. I don't know if the committee want's to receive and file it at this time?

Alderman Gatsas asked can we get some explanation of why it is on the table and what we were looking at it?

Deputy City Clerk Johnson answered I think you took the report of the Planning Department at the time and merely tabled it for consideration at a later and it hasn't been considered since. If there is more information that you want or other information you want, we would be happy to ask for that.

Alderman Gatsas stated we must have put it on the table for a reason.

Deputy City Clerk Johnson stated how about if we get the minutes of the original discussion to you for the next meeting.

On motion of Alderman Osborne, duly seconded by Alderman Gatsas, it was voted to receive and file this communication.

Chairman Thibault addressed Item 6 of the agenda:

6. Report, if available, from Planning, Assessors, Tax and Solicitor regarding transferring the former Highland Goffs Falls School to Moore Center Services, Inc.

Deputy City Clerk Johnson stated this is regarding the Highland Goffs Falls School in relation to the request of the Moore Center to obtain that property and the Board of Assessors is a little confused and would like some direction as to what type of a value the committee might be interested before they do any further work on it. I believe there is a long term lease on that building but the Ordinance calls for an opinion of value and I guess they'd like to know what you'd like to consider within that.

Chairman Thibault asked do I read this right that the Tax Collector reports received, no interest in disposition?

Deputy City Clerk Johnson answered the Tax Collector has no interest because it's not a tax deeded parcel. The Planning Director indicated that the recommendation to sell the parcels to the Moore Center, but there were two outstanding sales issues noted in his recommendations, which are also enclosed.

Chairman Thibault asked should we call the Moore Center in.

Deputy City Clerk Johnson replied they have already been in to the committee. I think that the Assessors are just wondering in terms of the value, they had questions as to what the committee and perhaps Steve [Hamilton] could address you on that issue because he is here.

Assessor Steve Hamilton stated to our understanding the Moore Center is being leased on a long-term basis for minimal consideration. So it is difficult for us to interpret whether the committee wishes us to try and develop a market value or to look at it from a taxable value. I'm not sure exactly what we're looking for.

Alderman Porter stated I think one suggestion might be simply to appraise it as if that lease were not there. What would the market value be without the lease, because if we're dealing with selling it, we should at least know what the value is? And then whatever it does with the Moore Center is up to the Board.

Mr. MacKenzie asked could I just jump in to help clarify for the committee? Just so that you know, in my discussions with the Moore Center, they were hoping that the City would donate the property to them and I also discussed the issue of possible taxes, being a non-profit organization, they would be hesitate to pay property taxes. And while I do not see a future need for this particular property, I did feel it important for the committee to decide whether they would be willing to donate and then not accept property taxes. I think that's important. And you may want to get the Moore Center in to discuss with you why they could not pay for the property or pay property taxes.

Alderman Porter stated I think that even if the City were to go ahead and give it to the Moore Center, I think we should know what are we giving? The value of what we're giving away. And I think the only way to do that would be to look as if that lease were not in place, what would a market rent bring. As I said, it is very possible that it is viable to give it to them, but nevertheless, and I would like to see in any future dealings with City property, that we have an idea. If this were your own piece of property, you would want to know how much it is you are actually giving away. You still have the prerogative to donate it, but I think we should know the value, and the only way to do that would be to remove the encumbrance of the lease and appraise it as if it were available immediately.

Chairman Thibault stated I think I agree with that to some extent.

Alderman Roy stated not only do I agree with my other freshman Alderman on establishing value, through the lease process through the year 2022, we have determined that we're assisting the Moore Center in operation by giving them a one dollar lease. My question would be are they currently paying taxes on this property, or is a City owned property, non-taxed?

Mr. Hamilton answered it is currently non-taxable.

Alderman Roy stated okay, through disposition of the property and not requiring taxes to come in, we would just be continuing what we were going to do minus the roughly \$18.00 they will pay us in lease money until the year 2022?

Mr. Hamilton answered it is possible that there could be an opportunity for payment in lieu of taxes agreement with them, but that is uncertain at this point how that would happen, what negotiations would have to take place.

On motion of Alderman Porter, duly seconded by Alderman Osborne, it was voted to that the value be calculated on the Highland Goffs Falls School property and presented to the committee at a later date.

On motion of Alderman Porter, duly seconded by Alderman Osborne, it was voted to retable this item.

Chairman Thibault addressed Item 7 of the agenda:

7. Disposition of property on South Mammoth Road, Map 796, Lot 14.

Deputy City Clerk Johnson stated on this item there is a handout from the Board of Assessors that I believe you all have. At the last meeting that was the one item that you did not have with the value of the property and they are providing a report on that.

Mr. Hamilton stated this is a vacant parcel of land on South Mammoth Road and is currently zoned industrial. The property is 2.74 acres in size. We are looking at an indicated range of value for the property as it is currently zoned in the \$164,000 to \$246,600 range.

Alderman DeVries stated this is a property located in Ward 8 and I've had some discussions with the Planning Department and I've not yet received full information back from them and I'm just hoping that this item could be returned to the table this evening, so that we have the opportunity to continue to look at that.

On motion of Alderman Roy, duly seconded by Alderman Porter, it was voted to retable this item.

Chairman Thibault addressed Item 8 of the agenda:

8. Request from Albertine and Dennis Morrisette to acquire a parcel of land on Trolley Court, known as Map 897, Lot 145.

Deputy City Clerk Johnson stated I believe the Assessors report has been enclosed. I believe Mr. Nichols is ready to report on that.

Assessor Tom Nichols stated the Board of Assessors has discussed this and we feel that because of the easements on the property, there is a utility easement, there is water all around it, that the person should be able to purchase this for the assessed value. Even I go in and take off the depreciation factor, it brings it up to around \$35,000, but if you put it back on, because the wetlands and utility is going straight across that property, it decreases it back down to \$10,000. I did call the State, the Wetlands Board, and according to them, the reason that it was turned over to the City is that nobody can build on that property. You can't put a stick or brick, nothing.

Chairman Thibault asked what would the value be of the piece that they could get?

Mr. Nichols answered we have it assessed at \$10,700.

Chairman Thibault stated I just want the Board to know that I went down and visited that property with Tom and looked at it very carefully, and also I want you to know that the developer that developed that whole area down there, deeded that to the City free of charge way back when that was developed because it was deemed unbuildable.

Alderman Roy stated Tom, it is my understanding that the abutter was looking for just the 30 foot section of that. Is that value that you're giving us, that \$10,700, the 30 feet or is it the entire City lot?

Mr. Nichols answered it would be the entire lot because the City is not in a habit of separating out parcels. If they want to separate it, it would be up to the Board to do it, but someone would have to bear the cost of filing a subdivision and separating that parcel out and recording it in Nashua.

Alderman DeVries stated I'm just suggesting that this committee might want to check with that abutter to see if they still have interest in this parcel. My last conversation indicated that they may no longer have the desire to purchase this parcel. So before you get too in detail, maybe that should be clarified.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to retable this item.

Alderman Roy stated just a question of who would be the department or Alderman to contact the Morrisettes and ask them of their interest, so when this comes back we can either act or not act on it, because it will be on our next agenda as a tabled item.

Alderman DeVries stated that would be handled by the City Clerk's office.

Mr. MacKenzie stated if I could Mr. Chairman, our office has been in communication with the Morrisettes and have discussed several options with them, so we don't have a problem going back. They had expressed an interest in buying the whole parcel, not just the 30-foot, but it would depend on the value that came back from the Assessors. So we can relay that information and see if they are still interested.

Deputy City Clerk Johnson stated I'm going to make a notation on Item 8 that the Planning Director will report back to the committee at the next meeting.

Chairman Thibault addressed Item 9 of the agenda:

9. Request from Rallitsa M. Kostakis to acquire property on Belmont Street previously owned by Boston & Maine Railroad Company and now owned by the State of New Hampshire (Map 129).

Deputy City Clerk Johnson stated this property is owned by the State. To be honest with you, I don't really understand why it is still tabled. It is a State property. We would need some further direction from the committee as to what you may wish or not wish by this.

Chairman Thibault asked should we have an update by the Planning Director?

Deputy City Clerk Johnson answered if he has any.

Mr. MacKenzie responded this parcel is in the process of being deeded over to the City. The State has indicated that they would give it as long as the City was going to use it for certain purposes only, such as developing a trail system. We did contact the Parks & Recreation Department; they do have plans for utilizing at least a significant portion of this area, so we did recommend that the parcel itself not be sold. Because once you sell one little piece of a line, it destroys the whole line all the way out to Lake Massabesic. We would not have any difficulty,

however, looking at...I went down to look at the person's site at the pizza place. If they wanted to lease a portion of the area, that would not obstruct a future trail, or have a license for a portion of it, we would not have an objection to that. It could help them and still we would protect our long-term goal of having a trail system.

Chairman Thibault asked would we have to deem the property surplus to the City?

Deputy City Clerk Johnson answered no.

Chairman Thibault asked Mr. MacKenzie, are you going to take care of that?

Mr. MacKenzie answered if you are comfortable with that idea, that we could proceed with some discussions with them to identify...

On motion of Alderman Osborne, duly seconded by Alderman Porter, it was voted that the Planning Director work with the Board of Assessors to determine a value for the property on Belmont Street (Map 129) and that the Planning Director research the feasibility of leasing a portion of the parcel to Mr. Kostakis and report back to the Committee.

On motion of Alderman Roy, duly seconded by Alderman Porter, it was voted to retable this item pending the report.

Chairman Thibault addressed Item 10 of the agenda:

10. Request from Mr. And Mrs. Francoeur to acquire property on Fairfax Street, known as Map 840, Lot 4.

Chairman Thibault stated I spoke with Mr. Francoeur and I'm quite sure for those figures he doesn't want it, but I could get back to him.

Deputy City Clerk Johnson stated I think the recommendation was to put it out to public auction.

Alderman Gatsas asked Mr. MacKenzie, the R3 zoning is 5,000 square feet for the first unit and 1,500 square feet for every unit thereafter? Or has that changed.

Mr. MacKenzie answered that is correct.

Alderman Gatsas stated so you've got a total of possibly between nine and ten units that you can put on there. What is a per unit cost? I know what we just sold one for, so what is your suggestion on a per unit cost?

Mr. MacKenzie replied I don't believe this is an R3 are though.

Alderman Gatsas stated it says zoning R3 minimum lot.

Mr. MacKenzie stated I still don't believe this is R3. I'm not sure...

Mr. Nichols interjected its not. We found out today that it is R1-B. There was a fine line when I got done checking the maps in both the Building Department and Planning Board that my first assumption was wrong. It is right on the border of being in the industrial zone and the residential R1-B. It is R1-B and that is why I came down on the value from the \$60,000 to \$80,000 down to \$40,000 to \$60,000 on it.

Alderman Gatsas asked can it be subdivided into two lots?

Mr. Nichols answered no. If they were to petition the City to get the paper street, you might be able to, but I don't think it can be, not right now. Not the way it is laid out.

Alderman Gatsas asked you're saying there is not enough frontage on Fairfax Street to subdivide that lot?

Mr. Nichols answered there is no Fairfax Street. It is a paper street.

Alderman Roy stated to continue that discussion, though Fairfax Street is paper, is there enough frontage on Mack Avenue to put in a residential property.

Mr. Nichols answered yes.

Mr. Hamilton replied a single residential property and the lot does have a potential that if somebody could get Fairfax opened and improved, it could be developed further.

Alderman Roy stated and looking at the Board of Assessor's note dated November 6th in our packet, the indicated value range of \$60,000 to \$80,000, was that based on the R3 minimum lot size or the R1-B?

Mr. Nichols answered that was R3, but it's not R3, it is R1-B.

Alderman Roy asked so the value as an R1-B would be what?

Mr. Nichols answered \$40,000 to \$60,000.

Alderman Osborne asked are Mr. & Mrs. Francoeur abutters?

Mr. Nichols answered yes; they abut the back part of that property. She is on Seawall Street. She abuts one quarter of it.

Alderman Gatsas asked who owns the two lots behind that, that are landlocked?

Mr. Nichols answered Lot 4 is owned by the City and Matthew Strazowski owns Lot 3, which is right in back of it and he owns Lot 2, and Mack Treck owns Lot 1.

Alderman Gatsas asked which is behind Lot 2?

Mr. Nichols answered yes.

Alderman Osborne asked who would want to buy it in public auction if you can't get to it?

Mr. Nichols replied you can get to it.

Alderman Roy stated the clarification I asked for Alderman was that it does have enough frontage on Mack Avenue to be a single family residential home. So the darkened zone of Mack Avenue is developed, the lighter section of Fairfax is not.

On motion of Alderman Osborne, duly seconded by Alderman Roy, it was voted to declare the property on Fairfax Street, known as Map 840, Lot 4, surplus and recommend that the Board of Mayor and Aldermen send it to public auction with a minimum bid of \$60,000.

Chairman Thibault addressed Item 11 of the agenda:

11. Request from Norman Morais of Dockside II Condominium Association to acquire property on Riverfront Drive, known as Map 105, Lot 8-A.

Deputy City Clerk Johnson stated unless the Planning Director can provide an update, it is my understanding that there is no agreement in hand at this point.

Mr. MacKenzie stated if we could just provide a quick update. We have talked to the Association. If you remember, the Planning Department had some concerns about selling this particular riverfront property. It is the only one in the still section. They indicate some interest and perhaps a license to the use of that property. I did speak with Mr. Arnold today and he said that that could be an revocable license, so if the City did need it some time in the future that we could get the land back, and that the City could give that license for \$1.00 per year, just so that they would have some rights, but we could have rights to use it in the future if we needed to. If the committee was comfortable with that approach, we could finalize an agreement through the Solicitor's office and then bring it to this committee.

Chairman Thibault asked Bob, wasn't there some kind of a traffic problem with those people being there. If I remember correctly, there was a parking or some problem.

Mr. MacKenzie answered yes. The trouble was that this condominium association who is now interested in the parcel, was afraid when the rowing club came in, because they were afraid of all of the traffic. In essence the rowing club could not have built the building that they wanted to on the site, but the Dockside like a license so that they could just use it for a gazebo that they have in that area.

Alderman Roy stated Alderman Forest is here. I would like to hear his recommendation.

Alderman Forest stated I understand what Bob's recommendation is about keeping the property and leasing it to the abutters, which is Dockside. Dockside agreed to all of the stipulations. In fact, they added a couple. They have no problem with whatever this board does. Originally the request that they had was to purchase the property and in my opinion as an Alderman over there, because the lot is actually not buildable because of the 50 foot setback, that I felt to get income for the City, because the lot is assessed at \$15,000 and then it would pay approximately \$400 a year in taxes on it, that we could generate some income from it. But whatever the Board decides, these people Dockside agree whatever stipulations you want to put, easements reference to the dock and everything else, they have agreed to all of the stipulations to the property and they will maintain it for whatever time we agree.

Alderman Porter stated I do have a question and perhaps this may involve the Solicitor to look into. One of the differences between condominiums and other forms of ownership if you will, but specifically a condominium association does not own land. So I guess I'd like to refer this to the Solicitor first to find out if can an association own land? They could probably as individuals buy it as tenants in

common or whatever way they want to do it, but I think there is a legal issue Tom as to whether they could actually purchase it as an association.

Alderman Gatsas asked doesn't the association own common property.

Mr. Arnold answered typically no.

Alderman Porter answered the owners of the units have a common interest. But the association itself doesn't own anything, as opposed to a coop, which can own land, building and lease or a land/unit development. So the condominium association I believe can not actually own property. Unless the law has changed.

Mr. Arnold stated typically a condominium association does not own land and commonly with condos in New Hampshire each owner has an undivided interest in the common area equal to his ownership of the unit. What the condominium association does is provide that the services that are necessary to maintain that land, whether it be plowing, mowing or other services and will of course enact a reasonable rules and regulations to govern.

Chairman Thibault stated Tom if I hear you right, the people that own these condos would automatically be part owner of that piece also at that point.

Mr. Arnold answered depending on how it is arranged. If it were purchased, which I understand is not the recommendation of the Planning Department, if it were purchased, it would probably be added to the common land. The condominium association; there are various forms. It might be a corporation, it might be an unincorporated association, it might be a statutory association could probably lease land and put it to the common use.

Chairman Thibault stated I think if we went according to the recommendation of the Planning Board, we would have to get into all of this stuff. Right? We don't have to sell it to them. Let them use it with the conditions that Bob has just told us. I think we wouldn't be getting into a major thing here for nothing.

Alderman Porter asked Bob could you repeat that for me please so I understand it?

Mr. MacKenzie stated again, I recognize there could be some income if we sold the property, however, we did feel that this is only property above the dam that the City has access to the river and we as a City may need that access at some point. What we would be recommending is that they have what the Solicitor's call a revocable license to use that area. They do keep the area nice and clean. They have a gazebo, in essence we would be granting a license to use it, but if the City needed it 30 years down the line, we could revoke the license and get it back.

Alderman Porter asked who would be getting the license?

Mr. MacKenzie answered the City would grant the license to the condominium association.

Alderman Porter stated that could be the glitch that I'm talking about. Can the association enter into a lease for that land? I don't know that they can as an association.

Mr. MacKenzie replied then we will explore that with...that's a good question for the Solicitor's office.

Alderman Porter stated the Solicitor should find that out for us.

Mr. Arnold stated I will get a definite answer and get back.

Alderman Roy stated Bob, just under the lease there would be no taxes paid on this property? It would remain a City owned, or would there be tax ramifications?

Mr. MacKenzie answered it would be a City owned property. I talked with the Solicitor and perhaps they would be giving the City \$1.00 per year just for the license.

Mr. Arnold stated if I may. In order to be clear there has been a number of terms thrown around here. What Planning was originally going to recommend with my input was a revocable license. That is not a lease. A lease is usually for a term of years. So I just want to be clear so the committee is clear about what it is trying to accomplish.

On motion of Alderman Osborne, duly seconded by Alderman Roy, it was voted upon the recommendation of the Planning Director that the City issue a revocable license to Dockside II Condominium Association for an annual fee of \$1.00 for use of property on Riverfront Drive, known as Map 105, Lot 8-A.

NEW BUSINESS:

Alderman Gatsas stated I happened to notice over the weekend that the transfer of the garage was in the paper. The real estate transfer tax showed up as \$1,650,000. I assume that is not what we sold it for?

Mr. Hamilton answered Alderman, generally government agencies are exempt from their portion of the transfer tax, and the transfer tax is paid by both the buyer and the seller.

Alderman Gatsas stated I understand it works that way.

Mr. Hamilton stated they would reflect half of the purchase price.

There being no further business to come before the committee, on motion of Alderman Roy, duly seconded by Alderman Osborne, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee